



**For Beall's Grant II PC Mtg (5 of 6): AFFORDABLE HOUSING CONCENTRATION ISSUE**

John Anselmo to: planning.commission

04/14/2010 07:05 PM

History: This message has been forwarded.

The following attachments are submitted for consideration by the Planning Commission, and inclusion in the official record, regarding the proposed amendment to the Beall's Grant II Use Permit No. USE2007-00708.

Summary of Attachments:

Attach 22: Aerial Photo of Rockville's West End area, showing location of existing affordable housing in yellow

Attach 23: City of Rockville Comprehensive Master Plan, Chapter Ten, Housing (NOTE: Section on Affordable Housing can be found on pages 10-8 and 10-9)

John Anselmo  
326 Beall Avenue  
Rockville, MD 20850



Attach 22\_Affordable Housing in West End Aerial Picture.jpg Attach 23\_Rockville Master Plan Housing Chapter.pdf



Attach 19\_WECA General Membership Meeting Minutes 30June2009.pdf



Attach 20\_Leiderman and Zaletsky Community Concerns M&C Letter 20OCT08.pdf



Attach 21\_Larry Giammo Letter to Mayor&Council and PC Regarding BGII 21FEB2010.pdf



## CHAPTER TEN

### HOUSING

**GOAL:** *Provide broader economic selection and homeownership opportunities for owners and renters of every age group.*

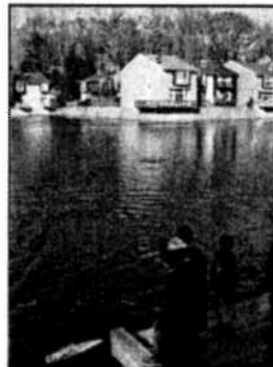
#### POLICIES

1. Encourage the maintenance and upgrade of existing housing stock;
2. Encourage the construction of housing close to the Metro Stations and in the Town Center;
3. Encourage the construction of housing alternatives for an aging population – may need economic incentives or flexible zoning options for development variances for this to occur;
4. Encourage multifamily housing in mixed-use areas of development;
5. Create a balance between different housing types.
6. Promote policies and practices that are non-discriminatory in the rental housing stock and that preserve neighborhoods, recognize historical significance, encourage affordable and accessible housing, and consider the impact of land use.
7. Increase opportunities for homeownership for persons of all income levels.
8. Maintain an appropriate mix of ownership and rental opportunities in the City.
9. Encourage construction of innovative and unconventional housing types, including but not limited to live-work units and loft housing.

#### INTRODUCTION

Rockville has a diverse housing stock that is generally well maintained. Single family housing is evenly dispersed throughout the City with a minimum of 74% of the community zoned for single family residential use.

The City's housing policy is based on the 1985 *Housing Goals and Objectives for the City of Rockville*. The *Goals* "encourage a satisfactory balance between rental and owner-occupied housing as recommended in the [1970] Master Plan. The 1970 Plan directed that the



City devote time and effort to preserve the existing housing stock and encourage a more balanced mix of new housing. The 1970 Plan called for 71% of the housing stock to be a combination of detached single family units (68.1%) and attached units (2.9%). In 1997, 73.4% of the housing units were detached and attached single family units although the percentages pointed to a shift of 61% of the units (10,120) in single family homes and 12.3% (2,030) in townhouse units. The 1970 Plan projected that 29% of housing units would be rental in a variety of types (garden/15.9%, elevator/6%, attached/4.6%, other/2.5%). The 1997 Census Update indicated that 16.7% rental units were garden apartments and 10% were high rise. These figures are very close to the 1970 projection.

The 1993 Master Plan did not set specific percentage goals for types of housing. However, in general, housing policies encouraged construction of affordable housing, promoted maintenance or upgrading of the current housing stock, and promoted accessibility to housing for individuals with special needs. In order to accomplish these policies a number of programs and zoning changes were recommended, most of which are in place today.

### **Recent Demographic Trends**

Census 2000 provided a timely snapshot of Rockville's demographic characteristics, with some interesting trends noted below.

#### **Size of Households**

The average size of the City's households has continued to decrease. In 1970, the size estimated at 3.59 persons per household. That number dropped to 2.77 in 1990, and again to 2.65 in 2000. It should be noted, however, that there is a range of household composition used to determine population. For instance, 2.88 is the multiplier used for single family houses while 1.54 is used per high-rise apartment unit.

#### **Household Composition**

Household composition has also changed. There was a decrease in households with married couples from 59.1% in 1990 to 56.6% in Census 2000. Single parent households comprised 6.3% of the population, and one-person households comprised 23.8% of the population.

#### **Age of Residents**

The average age of the population has also risen. In 1970, the average age was 23.9. In 1990, it was 34.6, while in 2000 it was 37.8. In 1990, only 14% of the population were over 60, but by 2000 that figure had risen to 17.3%.

## **CURRENT STATUS**

### **Housing Types**

#### **Detached and Attached Single-family**

Single family detached homes comprise the majority of housing stock within the City. In 1997, there were approximately 12,150 single-family attached and detached units in the City. Of these approximately 500 were built prior to 1939. Approximately 5,615 units were built between 1940 and 1959. These houses are primarily located east of Route 355 in the Twinbrook, Twinbrook Forest, and Northeast Rockville neighborhoods. Another 3,250 housing units were built in the 1960s, and 890 units were constructed in the 1970s. Consequently, there is a fairly large amount of housing that is or will be reaching 50 years in the near future.

Until recently, new housing construction was either single family detached houses or single family attached houses/townhouses. Developments on larger sites tend to have a mix of detached and attached single family homes within the same development while smaller sites tend to have only one type of housing. The City has adopted amendments to the Building Code to require sprinklers in single family dwellings in order to increase safety for residents. As encouraged in the 1993 Master Plan, comprehensive planned developments include a mix of commercial, and/or offices with residential. The Tower Oaks development has a mix of office buildings and a section of townhouses. The King Farm and Fallsgrove developments also include "mid-rise" multifamily rental units totaling approximately half of the overall units. Before these projects, multifamily apartment complexes had not been constructed in over 30 years (with the exception of apartment complexes for the elderly).

#### **Multi-Family**

The 2000 Census identified 2,574 units of garden apartments in the City. In addition, there were 1,590 apartments located in high rise buildings. The high rise apartment buildings are located in the Town Center and on the southern end of Rockville Pike. Although garden apartments are located throughout the City, they tend to be located along major roadways and in or adjacent to the Town Center. It should be noted that approximately 11% of single family detached homes and 29% of townhouses are also rental properties.

In some redevelopment areas of the City, unconventional housing types may be appropriate. These types may include dwellings not currently existing in Rockville, such as live-work units and loft housing. Live-work units allow a business owner to "live above the store", or to conduct a business on the ground floor with the proprietor's residence in the upper floors. Loft housing typically involves the conversion of an existing building, such as an industrial or commercial building, into residential units while retaining the previous character of the building. These types of units would be considered multifamily units by the Zoning Ordinance.

#### **Housing for the Elderly**

The City does not have a specific housing program to house the elderly. However, the City does have a Senior Citizens Social Services Coordinator who helps seniors in their housing search as well as providing information about other social services that are available for the elderly. In addition, there are City-sponsored housing programs that assist income eligible

elderly homeowners with housing repairs. Major repairs can be funded through the Community Development Block Grant program (see later section). Minor repairs currently can be undertaken through the "Safe and Habitable Homes" program that is sponsored by Community Ministries of Rockville (also funded by the Community Development Block Grant program).

There are religious institutions and other organizations throughout the City that provide housing for the elderly. Bethany House (just off of Rockville Pike), Heritage House Coop (near Town Center on Dawson Avenue), and Town Center Apartments (in the Town Center) offer housing for low and moderate-income individuals. However, all have long waiting lists for the units. The National Lutheran Home is located on Veirs Drive and has single story triplex units as well as an assisted living facility. Ring House (just off of Rockville Pike) is another apartment complex for the elderly that also provides some assisted living (rents are over \$2,000 per month for these units). Sunrise Assisted Living is located in the Town Center. In addition, there are smaller group homes that assist the frail elderly or those with Alzheimer's Disease. There are also several nursing homes located throughout the City.

Housing for the elderly is allowed in all the residential zones through the granting of a special exception. It is permitted in the Town Center zones (with Use Permit approval). Nursing homes are permitted in some residential zones with a special exception but are not permitted in the Town Center zones, the Rockville Pike zones, or any office/industrial zone.

### **Group Homes**

These are small facilities meant to shelter individuals in a home setting. Group homes housing up to eight individuals who are mentally ill or have developmental disabilities are allowed in any residential neighborhood by State Code. There are several group homes through the City that serve the disabled, elderly, or mentally ill.

### **Homeless Shelters**

The City provides partial funding to seven shelters within Rockville. These serve the homeless and women and children who are subject to domestic abuse. Some of these operate out of churches and are only open at night. A large shelter with a capacity of serving 100 homeless men recently opened on Gude Drive. This shelter is funded by the County.

### **Public Housing**

Rockville Housing Enterprises (RHE) (the organization is described under Existing Housing Programs) operates two public housing complexes totaling 141 apartment units. Lincoln Terrace is located on Moore Drive and David Scull Court located adjacent to an industrial area off of Taft Street. RHE has made strides in upgrading the appearance and maintenance of the complexes.

## Existing Housing Programs

### Community Development Block Grants (CDBG)

The City receives federal funds from Montgomery County based upon the ratio of low to moderate income levels in the City compared to those in the County. Generally, this funding ranges between \$300,000 - 400,000 a year. The focus of the program is to provide funding for public improvements, rehabilitation, or housing activities that benefit low and moderate income individuals.

This program provides money to income eligible households for a variety of housing improvements. Up to \$25,000 per income eligible household can be used to (in order of priority):

1. Correct code violations;
2. To correct potential code violations;
3. To make general repairs and improvements.

There is a limit of \$25,000 per household, although typically, an average loan ranges between \$10,000 - 20,000. Depending upon income level, the program either "writes down" interest on privately obtained loans or provides "forgiveness" loans to the lowest income households. These loans are not paid back but are forgiven at a rate of 20% of the loan amount per year over a five-year period.

Of the total fund amount, no more than 20% of the total grant money can be used for administration costs including staff salaries. No more than 15% of the total fund can also be allocated for public service projects. Eligible non-profit agencies include Community Ministries of Rockville, Rockville Housing Enterprises, Rockville Arts Place, and Shelters etc. Examples of service projects are programs to provide language instruction for the non-English speaking poor, drug prevention programs, feeding the homeless, and other support programs for the homeless.

### Moderately Priced Dwelling Units (MPDU) Program

This program was established by the Mayor and Council in 1990 and was based upon a similar program in Montgomery County. The program requires that in all housing developments exceeding 50 units, a developer must designate no less than 12 ½ percent (15% in the Town Center and Rockville Pike Corridor) of those units to the MPDU program. MPDU units are priced to be affordable to households whose incomes are less than 60% of the median income for the statistical metropolitan area. In 2000, a single person would have to earn below \$30,350 to qualify for the program and a four-person household's income would have to be below \$43,400 to qualify.



MPDUs can be either rental units or owner-occupied units. There is no requirement that there be a mix of housing types. A recent change in the program gives priority to individuals older than age 55 for rental MPDUs. Rockville Housing Enterprises has the right to purchase up



to one third of the MPDU units in a particular development to be utilized for its housing programs. RHE also has a first right of refusal to purchase MPDUs that are being sold. The King Farm development was the first project to be required to provide a significant number of MPDU units under the ordinance. Both rental and sale units must remain a MPDU for 30 years.

### **Rockville Housing Enterprises (RHE)**

Rockville Housing Enterprises is an independent body created by the Mayor and Council in 1955 to address the need for public housing within the City and to administer public housing projects under state and federal law. It is comprised of five members who are appointed by the Mayor and Council for five year terms. There is an executive director who administers RHE's two major programs:

#### **A. Public housing:**

RHE currently operates 141 conventional public housing units at two sites: Lincoln Terrace and David Scull Court. RHE also owns and operates 23 individual public housing units scattered throughout the city and has one "Turnkey III" unit (This is a unit that is rented with a portion of the rent reserved for an ownership down payment). Public housing rents are calculated to be no more than 30% of your adjusted income for rent.

To promote homeownership for low-income residents rather than traditional public housing units, RHE has entered into an agreement with a private developer to redevelop the Lincoln Terrace site from rowhouses into single family homes and townhouses that would be ownership opportunities rather than rental units. These could be then sold to current tenants under the Hope 6 program. In order for the reconstruction to occur, existing tenants would have to be relocated (using Section 8 vouchers). Support services such as job training would also be offered as part of the redevelopment and homeownership program.

#### **B. Section 8 Housing Vouchers:**

RHE also operates approximately 300 units of housing under the Section 8 rental assistance program. Income eligible households in the Section 8 program typically pay no more than 30% of their adjusted income to private landlords. The remainder of the rent is paid to the landlord by the housing authority. The intent of the Section 8 program is to provide affordable housing in scattered locations.

### **Real Estate Effort for Affordable Community Housing (REACH)**

REACH is a housing program funded by the City of Rockville to assist first-time homebuyers who either live or work within the corporate city limits. REACH is operated at no cost to the city by Housing Charities Inc., a non-profit organization made up of real estate professionals. The program provides an interest free loan of up to \$7,500 to be utilized for the down payment and/or settlement costs for purchasing a home within Rockville's corporate limits. The loan is paid back over a five year period. To date, over 100 such loans have been made. Income levels must be less than the median income level for the area. The City of Rockville funded a total of \$490,000 over seven years to start the program. Currently loan repayments comprise a revolving fund that continues to fund the program. No additional money has been provided by the City.

## **The Landlord Tenant program**

The City's landlord tenant program was developed to provide adjudication services for disputes between landlord and tenants. The Landlord Tenant Commission is a body comprised of two landlords, two tenants, and three citizens at large. The Commission has the power to conduct hearings regarding landlord-tenant disputes and to render monetary awards. The landlord-tenant office receives in excess of 1,000 inquiries per year. Twenty-five to thirty formal complaints are received a year. The complaints that can't be resolved are sent to the Commission. The commission hears approximately five cases per year although that number is growing due to an increased number of units and increased rents.

## **CRITICAL ISSUES**

### **Maintenance of Housing Stock and Property Maintenance Code Enforcement**

Over 50% of the City's housing stock was built prior to 1960. Most of this housing stock is tract housing built just after World War II on lots of 6,000 sq. ft. Construction materials and methods varied with each subdivision. Even the houses that were of higher quality construction have building materials that are nearing their expected lifespan. Some retain their original asbestos shingles. Most probably do not comply with modern building code requirements for insulation or have other energy saving measures unless recently installed by the individual homeowner. Generally, older tract homes are modest capes and ramblers. Many do not have garages or driveways. The housing is considered affordable, and the neighborhoods are considered pleasant with tree-lined streets.

The City has a minimum Property Maintenance Code to protect the health and safety of all residents and sets minimum property standards. The code deals primarily with very basic maintenance and repair issues for single-family homes. Chipping paint, structural disrepair (holes in walls, structural elements that are missing, falling fences), or grass that is 10" or greater is considered a violation. The color of a house, the age of the paint, the placement of garbage containers on the property, or unraked leaves are not subject to the maintenance code. Aside from the minimum standards, the degree of individual maintenance of single-family homes varies according to the owner.

Because the standards from the Property Maintenance code date from 1978, the need for review of its requirements and revision as necessary has begun. This should be accompanied by an educational program to ensure that all property owners are aware of the code requirements. Incentives to ensure compliance should also be considered in addition to enforcement across the City's neighborhoods.

City inspectors conduct a visual inspection from the street of all residential properties every year, and they also respond to complaints as they are made about specific properties. The City's property maintenance code is based on the protection of the health, safety, and welfare of the neighborhoods. The code cannot regulate aesthetic issues or concerns unless they are tied to health and safety components.

Traditionally, maintenance of a privately-owned residence has rested on the property owner. The City has a variety of programs to assist low-income residents to upgrade their homes. For properties located in a designated local historic district or on the National Register of Historic Places, there are various tax credit programs that may reimburse some of the money

expended by a homeowner on qualified maintenance or renovation projects. However, there are no specific incentives for other homeowners to maintain their property other than their own sense of aesthetics, the minimum requirements of the housing code, and the desire to continue or increase the current property value.

The City has a licensing program for rental units whether the unit is a single-family home or an apartment. Single family rentals receive a bi-yearly inspection of the interior and exterior by code enforcement officials to help ensure code compliance. Multi-family rentals receive annual inspections.

As mentioned, only CDBG funds have been used in the past to fund rehabilitation programs in the City, and the CDBG program has strict requirements for income levels of participants. However, there are residents who have enough funds and income level to purchase a home but not enough income to maintain the structure or fix a problem such as an aging roof or plumbing system. Ordinarily, these people would not qualify for CDBG rehabilitation funds. Yet, they may have legitimate needs for assistance, and the overall neighborhood would also benefit from properties that are maintained to a higher level.

### **Recommendations**

1. Maintain the current level of inspection to ensure the Property Maintenance Code for compliance in residential neighborhoods.
2. Provide additional sources of funding rehabilitation projects so that more people/properties would be eligible for funding such as a revolving fund comprised of repayments of low (or no) interest loans. (Note: the maximum Community Development Block Grants income levels are federally mandated and cannot be changed).
3. Continue the use of County, State and Federally funded rehabilitation and affordable housing programs and expand City funds where possible.
4. Support the County's efforts to increase energy efficient buildings thereby reducing residential energy consumption.
5. Review the standards of the Property Maintenance Code and revise if necessary to ensure compliance.

### **Affordable Housing**

Affordable housing is a term that has different meanings to different people. It can mean public housing or the Moderately Priced Dwelling Unit program or a single family home or townhouse that is on the lower end of the price range. In general, no more than 25-30% of a household's income should be spent on housing related costs. Realtors usually determine an affordable cost of a house is 2.5 times a household's income. It is estimated that sales prices of MPDUs for sale will range between \$80,000 - \$120,000, depending upon the type of unit, as they become available in the Rose Hill, King Farm, and Falls Grove developments. Rental units are expected to range between \$600-950 per month according to unit and household size.

According to the 1997 Census Update, the average monthly cost to a homeowner was \$1,136 and the average monthly cost for a renter was \$801. However, 18% of homeowners spent more than 25% of their income on housing, and 41% of renters spent more than 25% of their income on housing. Between 30.8 – 46% of the people living in high-rises pay more than 25% of their income for either mortgage payments or rents.

The 2000 Federal Poverty Level for a family of two is \$11,250 and for a family of four is \$17,050. The 1997 Census Update indicated that only 6.1% of households had an income range below \$15,000 in Rockville and 10.9% were below \$29,999. According to the 1997 Census Update the average median income for Rockville was \$63,350 although that figure ranged from a high of \$77,925 for a single family household to a low of \$35,125 for a "high-rise" apartment household.

### **Recommendations**

1. Continue to support the REACH program.
2. Continue to support the MPDU program.
3. Support Rockville Housing Enterprises in its effort to convert Lincoln Terrace apartments into private ownership housing.
4. Support scattered site affordable housing throughout the City and within individual developments containing MPDUs.

### **Housing for the Elderly**

Closely related to affordable housing is providing adequate housing for an aging population. As the population ages, housing needs will also change. Although it is expected that the general population will remain fairly active through their 60s, health and strength tends to decline as people reach their 80s. This will lead to a greater demand for assisted living facilities, nursing homes, and/or for social services to assist people who remain in their own homes or apartments. In an effort to determine needed services for the elderly in Rockville, a comprehensive "Needs Assessment Study" should be accomplished.

Given the long waiting lists, there appears to be a current need for more low to moderate income elderly housing. The MPDU ordinance has been modified to give eligible seniors preference in half of all rental units as they become available under the MPDU program. However, developers are not compelled to construct a certain percentage of rental units in a project. An accessory apartment in a single-family residence is permitted with a special exception to give greater flexibility for a family wishing to care for parents within their home. However, there is still a need for elderly housing options.

### **Recommendations**

1. Ensure a full range of housing opportunities are available for elderly residents, including rental, ownership, assisted living, and non-assisted living choices.
2. Review and implement the recommendations of the "Needs Assessment Study" as applicable.
3. Evaluate the need for additional senior housing especially for low to moderate income individuals and households.